CHAPTER 7

HOME INVESTMENT PARTNERSHIPS PROGRAM (HOME)

7-1   <u>APPLICABILITY.</u> This chapter provides guidance for conducting in-depth monitoring of the HOME Program. Participating Jurisdictions (PJs) are permitted to use HOME funds for four basic types of programs: a) homeowner rehabilitation; b) homebuyer assistance; c) rental housing production; and d) tenant-based rental assistance (TBRA). When monitoring HOME, the HUD reviewer generally concentrates on assessing compliance in one or more of these program areas. Consequently, the HOME monitoring Exhibits are organized to facilitate monitoring each of these program types. There are two Exhibits for each of the four HOME program types: a project exhibit and a program exhibit. The project monitoring Exhibits are to be used to review the individual project files to determine compliance with HOME requirements and the quality of the documentation. Use of the project monitoring Exhibits is mandatory when reviewing HOME projects. Use of the program exhibits is recommended if the reviewer seeks to draw broader conclusions about program compliance and management based on project reviews or as an interview instrument to guide discussions with the PJ staff.

In addition to the program area Exhibits, this chapter includes Exhibits covering areas such as overall grant management, CHDO activities, match, written agreements, cost allowability, subrecipient oversight and financial management. Depending on the scope and depth of the monitoring, all questions in a given Exhibit may not be answered.

7-2   <u>PREPARING FOR MONITORING.</u> The specific HOME program areas or requirements to be monitored are determined as part of the risk assessment process (see additional guidance provided in Chapter 2). Before monitoring, the reviewer should be familiar with both the HOME program requirements and the design and operation of the PJ's HOME program, particularly those areas that have been identified as high risk or that are the subject of the monitoring. Whether monitoring on-site or assembling materials for a remote monitoring, reviewers will need specific items to successfully monitor a PJ's HOME Program.

Resources required for monitoring include: the HOME final rule, as amended; applicable cross-cutting regulations; CPD Notices dealing with HOME; the *Technical Guide for Determining Income and Allowances for the HOME Program* (HUD-1780-CPD); and HOME income, rent, and subsidy limits.

The following PJ-specific information should be reviewed prior to conducting the monitoring:

a) HOME portions of the PJ's consolidated plan and Consolidated Annual Performance and Evaluation Report (CAPER);
b) IDIS reports (PR16, PR 22, PR 25, and PR 27);

    c) HOME Snapshot;

    d) HOME Commitment, CHDO Reservation, and Disbursement Reports;

    e) Relevant correspondence; and

    f) Previous monitoring reports and audits.

If the reviewer will conduct on-site monitoring and will not bring paper copies of HOME limits or have remote internet access, then Exhibit 7-1, "PJ Information Sheet," should be completed as part of the pre-monitoring preparation because it permits the reviewer to consolidate the PJ's per-unit subsidy limits, income limits and HOME rents for several years in one place. The reviewer may make additional copies of the Exhibit's pages to accommodate additional years' limits. For on-site monitoring, the reviewer may also wish to bring some of the relevant materials (e.g., program design descriptions, procedures manuals) collected as part of the pre-monitoring protocol outlined in Attachment 7-0 of this Chapter.

If site visits are planned, the reviewer may also wish to bring a camera and information regarding the PJ's property standards (such as an inspection checklist) if available. Most resources required for monitoring are available on the HOME Program website at: www.hud.gov/offices/cpd/affordablehousing/programs/home/index.cfm.

7-3   PRE-MONITORING OVERVIEW QUESTIONS. To ensure that the time available for monitoring is used efficiently, the reviewer may want to collect and review additional information about the PJ and its administration of the program before beginning the review. This is particularly important in the reviewer has limited experience with the HOME program, has recently been assigned the PJ to be monitored, the monitoring will be conducted remotely, the subject area to be reviewed either appears to pose a high risk or has not been monitored by the HUD Field Office in several years or the PJ has altered its program design since the last monitoring was performed. Attachment 7-0 contains pre-monitoring overview questions for each of the four HOME program types. Reviewers may find it helpful to answer relevant questions and collect the suggested materials before the monitoring.

7-4   FILE SELECTION AND SAMPLING. As described in Chapter 2, the risk analysis process will be used to determine which PJs and areas should be reviewed. Once that process has been completed, where it is indicated that a file review is necessary to answer Exhibit questions, the HUD reviewer should consider the following factors when determining the specific files that will comprise the review sample:

A. Where feasible, initial file selection should be made using a random selection method.

B. The reviewer would consider adding more files to this selection in order to:

      i.   Include a file or files from each staff person working in the respective program area being monitored;

ii. Expand the sample, if possible, to include additional files with the same characteristics, if indicated by the severity or nature of any problems(s) noted during the initial selection's review (for example, same problem category, same staff person, same activities or other characteristics);

This expanded sampling aids in determining whether problems are isolated events or represent a systemic problem.

C. The reviewer may also add files to the selection from any project that the HUD reviewer has reason to believe may have compliance problems or that is substantially different in terms of size, complexity, or other factors from other projects the PJ has undertaken.

Because the HOME-assisted projects have ongoing affordability requirements, the reviewer will typically want to sample primarily completed projects. However, the reviewer has the discretion to include projects that are still underway in the sample and may particularly wish to do so if:

- there are concerns about a project that is underway;
- there has been staff turnover or program design changes that make it desirable to review the most recent projects; or
- if construction management practices will be a particular focus of the monitoring.